MOODY'S INVESTORS SERVICE

CREDIT OPINION
11 December 2017

Update

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RATINGS

SpareBank 1 SR-Bank ASA

Domicile	Norway
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Negative
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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SpareBank 1 SR-Bank ASA

Regular update

Summary

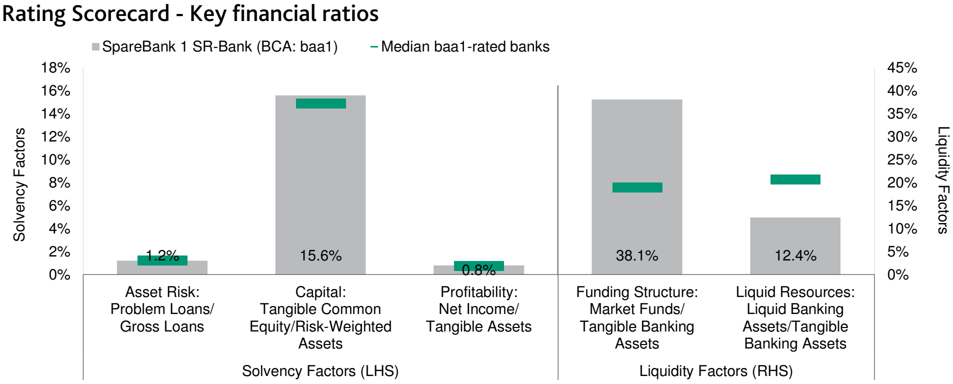
On 22 September, we upgraded SpareBank 1 SR-Bank's baseline credit assessment (BCA) to baa1 from baa2 and affirmed the long-term deposit rating of A1, and the senior unsecured debt rating of A1. We also affirmed the Counterparty Risk Assessment (CR Assessment) of Aa3(cr) long term and Prime-1(cr) short term.

SpareBank 1 SR-Bank's upgraded BCA of baa1 primarily reflects the bank's solid regional position, strengthened capital buffers (common equity Tier 1 capital ratio of 14.8% in September 2017) and increasing pre-provision income. These strengths are balanced against the bank's limited geographic reach, which results in high credit-risk concentrations in more volatile sectors, such as oil/offshore and commercial real estate. Despite the bank's increase in problem loans and related impairments in recent years, driven mainly by exposure to the oil sector, its robust risk management systems have helped the bank maintain sound asset quality with a problem loans to gross loans (including covered bond loans) ratio of around 1.18% in September 2017. The rating affirmations mainly reflect the resilient performance of the bank despite challenging economic conditions in Norway over the last two years, as well as Moody's forward-looking expectation that the bank's asset quality, profitability and capitalization will remain robust in a gradually improving operating environment.

The bank's A1 deposit and senior unsecured debt ratings take into account our Loss Given Failure (LGF) analysis of the bank's large volume of deposits and substantial layers of subordination, resulting in two notches of rating uplift. In addition our assessment of a moderate probability of government support results in one additional notch of rating uplift for debt and deposits.

Exhibit 1

Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» Sparebank 1 SR-Bank's BCA is supported by its Very Strong- Macro Profile

» A strengthened capital buffer provides protection from current and future credit losses

» Large volume of deposits and junior debt result in deposit ratings benefiting from a very low loss-given-failure rate, with a two notch uplift from the BCA

Credit challenges

» Exposures to oil-related volatile sectors pose risks to asset quality

» Profitability under modest pressure due to elevated credit costs, although pre-provision income has increased

» Reliance on market funding renders the bank vulnerable to fluctuations in investor sentiment, albeit with comfortable liquidity

Rating Outlook

SpareBank 1 SR-Bank's deposit and debt ratings carry a negative outlook to reflect the potential rating pressure from the upcoming implementation of BRRD in Norway, which will trigger a reassessment of our government support assumptions (please see press release for more details).

Factors that could lead to an upgrade

Upward rating momentum could develop if SpareBank 1 SR-Bank shows: (1) stabilisation of its asset quality trends, especially in the more volatile segments, such as oil/offshore and commercial real estate; (2) continued good access to capital markets and improved liquidity; and/or (3) strong earnings generation without an increase in its risk profile.

Factors that could lead to a downgrade

Future downward rating pressure would emerge if (1) Sparebank 1 SR-Bank's problem loans ratio increases significantly above our system-wide expectation of approximately 2%; (2) financing conditions become more difficult; (3) the bank's risk profile increases, for example as a result of increased exposures to more volatile sectors or if the quality of the oil-related portfolio deteriorates further; (4) the macroeconomic environment weakens more than currently anticipated, leading to a lower Macro Profile; (5) a reduction in the rating uplift as a result of our LGF analysis; and/or (6) the eventual passage of the official resolution law (BRRD) in Norway and revision of our government support assumptions.

Key indicators

Exhibit 2

SpareBank 1 SR-Bank ASA (Consolidated Financials) [1]

	9-17[2]	12-16[2]	12-15[2]	12-14[2]	12-13[3]	CAGR/Avg.[4]
Total Assets (NOK billion)	233	218	221	208	157	11.1[5]
Total Assets (EUR million)	24,797	24,023	22,959	22,904	18,779	7.7[5]
Total Assets (USD million)	29,315	25,338	24,940	27,715	25,876	3.4[5]
Tangible Common Equity (NOK billion)	19	18	17	15	14	8.8[5]
Tangible Common Equity (EUR million)	2,023	1,999	1,736	1,689	1,657	5.5[5]
Tangible Common Equity (USD million)	2,391	2,108	1,886	2,044	2,284	1.2[5]
Problem Loans / Gross Loans (%)	1.2	1.2	0.8	0.5	1.1	0.9[6]
Tangible Common Equity / Risk Weighted Assets (%)	15.6	15.6	14.0	12.7	12.3	14.5[7]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	10.7	11.4	8.0	5.9	8.7	8.9[6]
Net Interest Margin (%)	1.5	1.5	1.5	1.7	1.5	1.5[6]
PPI / Average RWA (%)	2.3	2.1	1.6	1.9	1.9	2.0[7]
Net Income / Tangible Assets (%)	0.9	0.7	0.7	0.9	1.2	0.9[6]
Cost / Income Ratio (%)	43.7	45.0	51.3	48.4	48.3	47.3[6]
Market Funds / Tangible Banking Assets (%)	34.6	38.1	40.6	42.9	41.1	39.5[6]
Liquid Banking Assets / Tangible Banking Assets (%)	14.8	12.4	10.8	9.6	11.3	11.8[6]
Gross Loans / Due to Customers (%)	187.8	212.2	205.6	214.1	167.8	197.5[6]

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel III - fully-loaded or transitional phase-in; IFRS [3] Basel II; IFRS [4] May include rounding differences due to scale of reported amounts [5] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime [6] Simple average of periods presented for the latest accounting regime. [7] Simple average of Basel III periods presented

Source: Moody's Financial Metrics

Profile

SpareBank 1 SR-Bank is the leading financial group in Southern and Western Norway and the fifth-largest bank in Norway in terms of consolidated assets. The financial group provides a range of products and services, including traditional banking services such as loans, insurance and savings products, as well as securities trading, accounting services and estate agency services for retail as well as corporate customers. As of 30 September 2017, its consolidated assets (including loans transferred to covered bond companies) totalled NOK 233 billion.

Detailed credit considerations

SpareBank 1 SR-Bank's BCA is supported by its Very Strong- Macro Profile

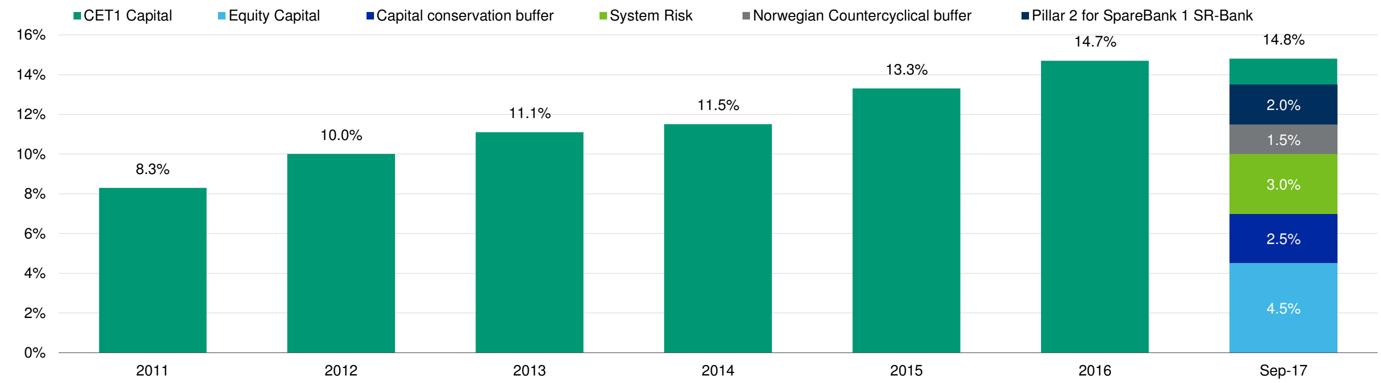
SpareBank 1 SR-Bank's operating environment is purely domestic and its Macro Profile is thus aligned with that of Norway, at Very Strong-. Norwegian banks benefit from operating in an affluent and developed country with very high economic, institutional and government financial strength as well as low susceptibility to event risk. Norway has a diversified and growing economy, which has demonstrated resilience to the past weakening in the oil sector. The main risks to the system stem from a high level of household indebtedness and domestic banks' reliance on market funding. However, these risks are offset by the strength of households' ability to service debt, banks' adequate capitalisation and the relatively small size of the banking system compared to GDP.

A strengthened capital buffer provides protection from current and future credit losses

SpareBank 1 SR-Bank improved its common equity Tier 1 (CET1) ratio to 14.8% at September 2017 (see Exhibit 3), compared to 13.8% at September 2016, well above the increased regulatory requirements, as the bank took initiatives to enhance its capital buffer against potential future losses. We note that in November 2016 the Finanstilsynet (FSA) has set a Pillar 2 requirement of 2% for SpareBank 1 SR- Bank, which combined with the upcoming increase in the countercyclical buffer to 2% in December 2017 from 1.5% currently, the total minimum CET1 requirement for the bank will increase to 14% by the end of 2017 from 13.5% in 2016. SpareBank 1 SR-Bank is planning to focus on strict capital management and is well positioned to continue developing its leading position in Southern Western Norway. The board has set a target for a CET1 capital ratio of 15% by year-end 2017. This would entail lower risk-weighted assets growth than local peers, a stronger focus on risk pricing and a moderate level of dividend payout.

Exhibit 3

SpareBank 1 SR-Bank CET 1 development



Source: Company reports and presentations

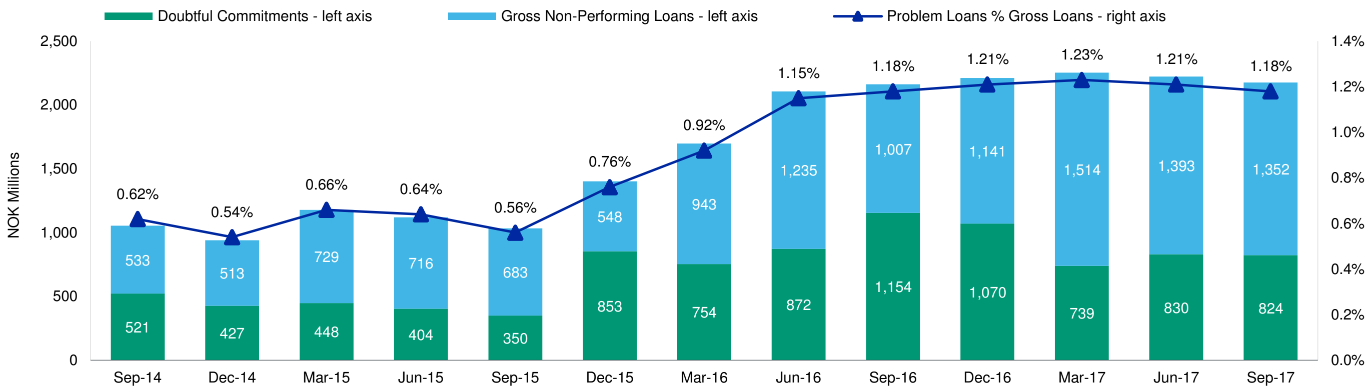
The bank's Tangible Common Equity (TCE) to risk-weighted assets (RWA) as calculated by Moody's amounted to 15.6% at end-September 2017, as good earnings generation has supported its capital levels. We also note that the bank's Tier 1 capital ratio was 15.8% and the total capital adequacy ratio was 17.7% in September 2017. Such capital metrics compare favourably with other Nordic banks, as the transitional rules in Norway envisage that the minimum requirement for capital adequacy cannot amount to less than 80% of the corresponding amount calculated according to the Basel I rules. Moreover, the bank's leverage ratio was satisfactory at 7.2% as of September 2017, significantly higher than both the international and Norwegian requirement.

The bank increased its dividend payment to NOK2.25 per share (33% payout ratio) in 2016 from NOK1.5 in 2015, and stated that unless capital requirements dictate otherwise, the board's goal will be to ensure that the payout ratio gradually increases in the lead up to 2018. SpareBank 1 SR-Bank estimates a payout ratio of above 35% in 2017. Our assigned Capital Score takes into account the more stringent capital requirements set by the FSA for 2017 and the likelihood of persistently high minimum ratios, which would reduce the bank's current capital buffer.

Exposures to volatile sectors pose risks to asset quality

In line with our expectations, there was some asset-quality deterioration from the bank's previous very strong position, due to Norway's off-shore industry that faced challenges from reduced investments and lower oil prices. The bank's stock of nonperforming loans and doubtful commitments increased marginally from a year earlier to approximately NOK2,176 million (or 1.18% of gross loans including covered bond loans) in September 2017, compared with NOK2,161 million in September 2016 (see Exhibit 4). These loans is predominantly the result of companies in the oil sector experiencing financial difficulties mainly through excess capacity in their off-shore service vessels (OSVs) fleet. The Norwegian Statistics authority expects a 7.1% reduction in investments in the offshore oil and gas sector in 2017 and -1.6% in 2018, which will likely continue to impact the overall level of activity in the region in 2018.

Exhibit 4
SpareBank 1 SR-Bank's problem loans



Source: Company reports and presentations

SpareBank 1 SR-Bank is one of the highest exposed Norwegian banks to these sectors, with oil-related exposures (including oil services, oil and gas, and offshore) in September 2017 comprising around 8% of its total gross loan book (7.3% of total exposure at default relates to oil operations, including loans in covered bond companies). Loans to the offshore industry (OSVs, rigs and seismic vessels) account for around 4.8% of total gross loans, while oil service companies comprise 2.4%, and oil and gas companies account for 0.9%. The bank calculates its approximately NOK1.5 billion exposure to 17 rigs as having an average weighted probability of default in its overall portfolio at 2%, NOK0.9 billion to 7 seismic vessels with average weighted probability of default is 0.8%, and NOK6.4 billion to 92 OSVs with the highest average weighted probability of default at 2.6%, constituting the most risky assets on its balance sheet. However, the recent pick-up in oil prices is likely to contain the potential future problems in the industry.

In addition, the bank is also exposed to the commercial real estate sector (15% of gross loans at end-September 2017), a significant part of which is located in the county of Rogaland, where reduced oil investments have led to vacancy rate increases. This exposure combined with its sizeable mortgage loan book, could leave the bank vulnerable to any unexpected material decrease in property prices, a similar featured shared with other Norwegian savings banks.

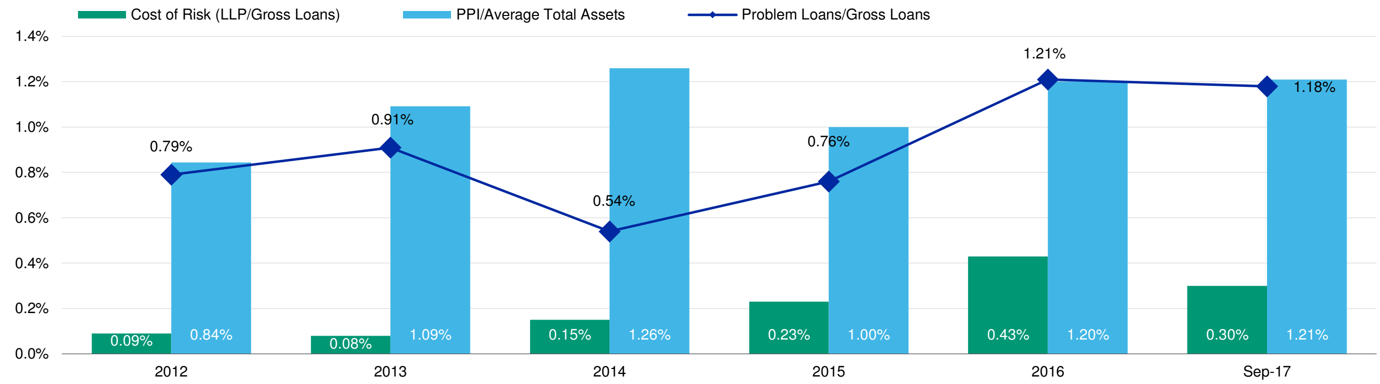
Our assigned Asset Risk Score reflects the challenges the bank has faced related to the distress in the oil-sector that unfolded in the past two years, taking into account the bank's relatively limited geographical diversification, concentration to vulnerable sectors, but also a stock of restructured loans that have not been impaired and could potentially expose the bank to additional provisions. Nonetheless, we view positively the bank's recent intention to open a branch in Oslo, aiming predominantly corporate clients, as part of its national expansion strategy that will gradually improve its regional diversification.

Profitability under modest pressure due to elevated credit costs, although pre-provision income has increased

Despite the elevated risks that SpareBank 1 SR-Bank faces through its oil-related exposures, it increased its pre-provision income by around 4% year-on-year during the first nine months of 2017 as a result of higher retail lending margins and cost containment. Net income in the first nine months of 2017 increased by around 15% year-on-year and the bank reported lower loan losses at NOK423 million compared to NOK616 million for the same period in 2016. Individual write-downs on commitments related to the oil industry largely constitute the impairment losses in the nine months ending in September 2017.

The bank's credit costs decreased to 0.31% of gross loans (including covered bond loans) in the first nine months of 2017, from 0.45% in the first nine months of 2016, consuming around 18% of pre-provision income in the same period for 2017 compared to 27% in 2016. It should be noted that the bank expects its loan losses to continue in 2017, mainly driven by impairments in its OSV portfolio, although at a lower level than in 2016. Furthermore, we expect the adoption of IFRS 9 with new more conservative principles for write-downs from January 2018, to potentially result in higher loss provisions. The methodology in the IFRS 9 standard entails somewhat larger volatility in write-downs, as they will be made at an earlier stage than under current practice.

Exhibit 5
SpareBank 1 SR-Bank's Cost of Risk and PPI evolution



Source: Company reports and presentations, Moody's Financial Metrics

Net interest income continues to be SpareBank 1 SR-Bank's main source of earnings, corresponding to almost 58% of the bank's total income in 2016 and 60% of the total income in the first nine months of 2017. When including net interest income (classified as commission) from covered bond companies, net interest income comprised around 63% of total income in the nine months ending in September 2017.

The net commission income provides diversification in the bank's total revenues, with net commission income constituting 29% of the total income in the first nine months of 2017. Commission income related to loans transferred to covered bond companies was lower by 4% in the first nine months of 2017, compared to the same period in 2016. Overall, SR-Bank's cost efficiency remained favourable with one of the lowest cost-to-income ratios (44% in September 2017) among other large Norwegian Savings Banks.

Looking ahead, we expect the bank's pre-provision earnings to remain resilient in the next 12-18 months. Nonetheless, our Profitability Score adjustment for SpareBank 1 SR-Bank reflects our expectation that the bank's oil-related exposure and restructured loans will continue to pose downside risks to the bank's bottom line, constraining its profitability potential.

Reliance on market funding renders it vulnerable to fluctuations in investor sentiment

While SpareBank 1 SR-Bank benefits from solid access to domestic and international capital markets, with a stronger footing than its local peers, providing a good funding diversification, its reliance on wholesale funding remains high. Market funds accounted for 34.6% of tangible banking assets (including assets transferred to covered bond companies) as of September 2017, which we believe renders the bank susceptible to potential shifts in investor sentiment.

SpareBank 1 SR-Bank also benefits from a good deposit base, which represented 46% of total funding (including covered bonds issued through SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) at end-September 2017, which has proven to be resilient and stable over many years. Deposits from customers increased by 13% as of September 2017 compared to September 2016. The bank's gross loans-to-deposits ratio, including transferred loans, was around 188% in September 2017.

As per our methodology, we globally reflect the relative stability of covered bonds compared to unsecured market funding through a standard adjustment in our scorecard. Covered bonds have become an increasingly important source of funding for the bank, which issues covered bonds though the wholly owned covered bond company SR-Boligkreditt AS and specialised companies owned jointly with other members of the SpareBank 1 Alliance. Funding through the jointly owned covered bond companies SpareBank 1 Boligkreditt (residential mortgages) and SpareBank 1 Næringskreditt (commercial mortgages) is carried out off-balance-sheet, since the bank does not consolidate these entities.

At end-September 2017, the bank had transferred around NOK17.5 billion to Sparebank 1 Boligkreditt and NOK0.5 billion to SpareBank 1 Næringskreditt, i.e. 10% of its total loan book (including transferred loans). In addition, in the second quarter of 2015 the bank set up SR-Boligkreditt as a wholly owned covered bond company, to diversify and optimise its funding by gradually shifting its cover bond activity to this entity. While we view positively the diversification benefit of covered bond funding, extensive use of covered bond funding increases the amount of pledged assets unavailable for unsecured bondholders, including depositors in liquidation. We note that SR-Boligkreditt was able to raise $600 million 5-year bond at a favourable rate in its April 2017 debut, indicative of the bank's strong positioning in the global capital markets.

Our Funding Structure Score reflects our view that although SpareBank 1 SR-Bank has benefitted from strong access to domestic and international capital markets, its high reliance on market funding - a common feature of Nordic banks - is a material source of risk. We believe that in times of market stress, market funding can become more expensive and/or restricted.

A mitigating factor to the bank's reliance on market funds is its improved liquidity buffer. The liquidity buffer of NOK34.6 billion or around 14.8% of tangible assets (including assets transferred to covered bond companies) at end-September 2017 consists mainly of cash, short-term repos, and covered bonds. However, we note that this ratio understates the core liquidity of the bank, given that it does not take into account the liquid assets held by SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Accordingly, we incorporate a positive adjustment in the assigned Liquid Resources Score to reflect the additional source of liquidity stemming from the covered bond companies.

In addition to the liquidity buffer, the bank has NOK15.6 billion in home mortgages ready to be transferred to a covered bond company, while it reported a commendable liquidity coverage ratio (LCR) of 212% in September 2017, compared to 123% in September 2016.

Support and structural considerations

Loss Given Failure and additional notching

Norway will shortly implement the EU's Bank Recovery and Resolution Directive, which confirms our current assumptions regarding LGF analysis. For our resolution analysis, we assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

For SpareBank 1 SR-Bank's long-term deposit rating and senior unsecured debt rating, our LGF analysis considers the combination of the bank's junior deposits, its outstanding debt volume and the amount of debt subordinated to this. This has resulted in a Preliminary Rating Assessment (PRA) of two notches above the BCA, reflecting very low loss-given-failure. For junior securities issued by SpareBank 1 SR-Bank, our LGF analysis confirms a high level loss-given-failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity.

Government support

SpareBank 1 SR-Bank has a sound franchise in the county of Rogaland, south-west Norway, with 36 branches. We estimate that the bank has regional market shares of around 35% for lending and 40% for deposits (based on total lending in the county according to Statistics Norway). The bank has also expanded into the neighbouring counties, but has a national market share at around 4%. Therefore, we expect a moderate probability of government support for debt and deposits, resulting in one additional notch of rating uplift. However, the expected implementation of an official resolution regime in Norway in the coming months, might cause us to reconsider/lower our government support assumptions for all rated savings banks in Norway, including SpareBank 1 SR-Bank, which also drives our negative outlook.

For the bank's junior securities, we continue to consider that potential government support is low and these ratings do not include any related uplift. Junior securities also include additional downward notching from the BCA reflecting coupon suspension risk ahead of a potential failure.

The rating agency intends to reassess its government support assumptions for all Norwegian savings banks, including SpareBank 1 SR-Bank, once there is enactment of a relevant local legislation for the implementation of an official resolution regime. This is likely to be aligned with the EU's bank recovery and resolution directive (BRRD), as indicated by the recent Ministry of Finance proposal tabled at the parliament on 21 June 2017.

Counterparty Risk Assessment

We assign an Aa3(cr) long term and P-1(cr) short term CR Assessment to SpareBank 1 SR-Bank.

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than the likelihood of default and the expected financial loss suffered in the event of default; and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

Rating methodology and scorecard factors

Exhibit 6

SpareBank 1 SR-Bank ASA

Macro Factors						
Weighted Macro Profile	**Very Strong -**	**100%**				

Factor	**Historic Ratio**	**Macro Adjusted Score**	**Credit Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.2%	aa2	←→	baa1	Geographical concentration	Sector concentration
Capital						
TCE / RWA	15.6%	aa2	←→	aa3	Risk-weighted capitalisation	
Profitability						
Net Income / Tangible Assets	0.8%	baa1	←→	baa2	Earnings quality	Expected trend
Combined Solvency Score		aa3		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	38.1%	ba2	←→	ba2	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	12.4%	baa3	←→	baa2	Quality of liquid assets	Stock of liquid assets
Combined Liquidity Score		ba1		ba1		
Financial Profile				baa1		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				Aaa		
Scorecard Calculated BCA range				a3-baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (NOK million)**	**% in-scope**	**at-failure (NOK million)**	**% at-failure**
Other liabilities	76,157	32.6%	86,215	37.0%
Deposits	98,602	42.3%	88,545	38.0%
Preferred deposits	72,966	31.3%	69,317	29.7%
Junior Deposits	25,637	11.0%	19,227	8.2%
Senior unsecured bank debt	48,341	20.7%	48,341	20.7%
Dated subordinated bank debt	3,161	1.4%	3,161	1.4%
Equity	6,998	3.0%	6,998	3.0%
Total Tangible Banking Assets	233,259	100%	233,259	100%

Debt class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Assessment	33.3%	33.3%	33.3%	33.3%	3	3	3	3	0	a1 (cr)
Deposits	33.3%	4.4%	33.3%	25.1%	2	3	2	2	0	a2
Senior unsecured bank debt	33.3%	4.4%	25.1%	4.4%	2	2	2	2	0	a2
Dated subordinated bank debt	4.4%	3.0%	4.4%	3.0%	-1	-1	-1	-1	0	baa2 (hyb)
Junior subordinated bank debt	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	-1	baa3

Instrument class	Loss Given Failure notching	Additional Notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3 (cr)	--
Deposits	2	0	a2	1	A1	A1
Senior unsecured bank debt	2	0	a2	1	--	A1
Dated subordinated bank debt	-1	0	baa2 (hyb)	0	--	Baa2 (hyb)
Junior subordinated bank debt	-1	-1	baa3	0	--	(P)Baa3

Source: Moody's Financial Metrics

Ratings

Exhibit 7

Category	Moody's Rating
SPAREBANK 1 SR-BANK ASA	
Outlook	Negative
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate	Baa2
Jr Subordinate MTN	(P)Baa3

Source: Moody's Investors Service

Foreign currency deposit rating

SpareBank 1 SR-Bank's foreign-currency deposit rating of A1 is unconstrained, given that Norway has a country ceiling of Aaa.

Foreign currency debt rating

SpareBank 1 SR-Bank's foreign-currency debt rating of A1 is unconstrained given that Norway has a country ceiling of Aaa.

About Moody's bank Scorecard

Our Scorecard is designed to capture, express and explain in summary form our rating committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

REPORT NUMBER 1101949

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